Rise in Net banking frauds

452. PROF. ALKA BALRAM KSHATRIYA:
SHRI MAHENDRA MOHAN:

Will the Minister of FINANCE be pleased to state:

(a) whether Government is aware that there has been a significant rise in the fraudulent withdrawal of money through Internet or online banking despite stringent regulatory conditions;

(b) if so, the details thereof;

(c) whether Government has since contemplated any new steps to check such Net banking frauds; and

(d) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) Reserve Bank of India (RBI) has reported that there have been cases of fraudulent withdrawal of money from banks through internet/online banking. The number of such incidents and the amount involved, as reported by banks to RBI, during the years 2006-2007, 2007-2008 and 2008-2009 (till date) is as under:

Year	No. of cases	Amount (Rs. in lakh)
2006-07	147	107.83
2007-08	374	320.80
2008-09 (till date)	210	603.39

(c) and (d) Reserve Bank of India as a part of its supervisory process has issued a number of guidelines/modus operandi circulars to all the commercial banks so that adequate safeguards could be taken by them to prevent/reduce the incidence of frauds in banks. Some of the important measures taken by RBI are furnished below:

(i) RBI had issued guidelines/caution circulars on internet banking, observance of KYC norms and also issued modus operandi circulars in this regard.

(ii) RBI had issued guidelines on internet banking to all commercial banks *vide* circular dated June 14,2001 covering technology and security standards, legal issues and regulatory/supervisory issues with regard to internet banking in India.

(iii) RBI had also issued a caution circular on February 16 2006 to all commercial banks on phishing attacks (*i.e.* creating fake website of banks and collecting customer details such as user ID, password etc. and thereby fraudulently withdrawing money from the customer's account using fake credit card). The circular contained details of the modus operandi on such attacks and minimum set of preventive/detective measures to tackle Phishing attacks.

(iv) As per RBI instructions, it is the responsibility of all the banks including the collecting banks to follow Know Your Customer (KYC) norms and open/operate the accounts of genuine customers only. Detailed guidelines on adherence to KYC norms have been issued to the banks *vide* RBI circular dated November 29,2004, which includes developing customer acceptance policy, customer identification procedures, monitoring of transactions and for customer education etc. Also, as fake and stolen cheques/demand drafts are encashed through bank accounts opened in false/fictitious names/addresses, bank have been advised to strictly adhere to KYC guidelines with a view to plug loopholes.

Probe into violations of foreign exchange and anti-money laundering laws

453. SHRI PRASANTA CHATTERJEE:
SHRI MOHAMMED AMIN:

Will the Minister of FINANCE be pleased to state:

(a) whether the Directorate of Enforcement is probing into the violation of Indian Foreign Exchange and anti-money laundering laws by Anil Dhirubhai Ambani Group; and

(b) if so, the details of the findings thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) The Directorate of Enforcement is looking into certain complaints of alleged FEMA contraventions by Anil Dhirubhai Ambani Group. As on date, no conclusions have been arrived at.

Payment of compounding fees by Reliance Infrastructure

454. SHRI MOHAMMED AMIN:
SHRI PRASANTA CHATTERJEE:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the Reserve Bank of India has asked Reliance Infrastructure to pay Rupees 125 crores as compounding fees for parking its foreign loan proceeds with its mutual fund in India within 315 days; and

(b) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) As reported by RBI, Reliance Infrastructure Limited (RIL) (Formerly Reliance Energy Limited) raised an ECB of USD 360 million in July 2006 under the Automatic Route. The declared end-use for the ECB was 'Power' (for the purpose of capital expenses towards maintenance, up-gradation and augmentation of the company's Mumbai distribution system and, other projects). As part of monitoring of ECBs the Reserve Bank carried out a post-facto review of the utilization of ECB proceeds in 2007. During the review, certain end-use contravention/(s) in respect of the above ECB came to light. It was noted that the entire amount